

RURAL RENTAL HOUSING LOAN POLICIES, PROCEDURES, AND AUTHORIZATIONS

I PURPOSE: This Instruction supplements FmHA Instruction 1944-E, Rural Rental Housing Loan Policies, Procedures, and Authorizations, and is issued to provide State Instructions required to implement the policies and authorizations contained therein.

II PARAGRAPH 1944.211, ELIGIBILITY REQUIREMENTS:

A Eligibility of Applicant. In addition to the eligibility requirements contained in paragraph 1944.211 of FmHA Instruction 1944-E, the following applicable requirements will apply:

1 NONPROFIT CORPORATION. Organizations applying as a nonprofit corporation must be organized under the Texas Nonprofit Corporation Act. Groups not presently organized and chartered by the Secretary of State will use Form FmHA-Tx 1944-1, "Articles of Incorporation (Not for Profit)", and Form FmHA-Tx 1944-2, "Bylaws", in forming the corporation. Any presently organized group will furnish a copy of its Articles of Incorporation, Bylaws, Certificate of Incorporation issued by the Secretary of State, and such pertinent related items for review by the Regional Attorney.

2 PROFIT CORPORATION. Organizations applying for a loan as a profit corporation must organize or be organized under the Texas Business Corporation Act.

3 GENERAL PARTNERSHIP. Groups applying for a loan as a general partnership must be organized under the Uniform Partnership Act.

4 LIMITED PARTNERSHIP. Groups applying for a loan as a limited partnership must be organized under the Uniform Limited Partnership Act.

5 HOUSING AUTHORITIES. Housing Authorities applying for a loan must be organized in accordance with Article 1269k, V.A.T.S.

III PARAGRAPH 1944.222, TECHNICAL, LEGAL, AND OTHER SERVICES: State guides for determining fees for architectural and legal services have not been established. The District Director should advise the applicant to negotiate with the selected architect and attorney for the best terms obtainable. All contracts for architectural services and legal services will be submitted to the State Office for approval in the preapplication docket.

A Paragraph 1944.222(c), Architectural and Engineering Services.

1 Form FmHA-Tx 1924-8, "Agreement for Architectural Services", may be used in contracting for architectural services.

2 FmHA Instruction 1944-E, Exhibit A-1, "Legal Service Agreement", may be used in contracting for legal services.

DISTRIBUTION: S, D, C

Program Operations
Loan and Grant Making
Housing

Texas Instruction 1944-E

IV PARAGRAPH 1944.231, PROCESSING PREAPPLICATIONS:

A Paragraph 1944.231(a), Preapplication. Form AD-621, "Preapplication for Federal Assistance", and all items listed in Exhibit C of this instruction for which the applicant is responsible will be submitted to the District Director. If the material is submitted to the County Supervisor, the County Supervisor will accept the preapplication and forward the material to the District Director for processing.

B Paragraph 1944.231(c), Actions by District Director.

1 The District Director will review the preapplication material and will prepare a preapplication docket containing the applicable items listed in Exhibit C of this instruction in an 8-position folder in accordance with Forms FmHA-Tx 151-1A through 8A, "Table of Contents/Multi-Family Housing".

2 The District Director will prepare "Multi-Family Docket Summary" (Exhibit A of this Instruction) in duplicate. This should be prepared in pencil.

3 The District Director will prepare "RRH Project Priority Summary" (Exhibit B to this Instruction) in accordance with provisions of FmHA Instruction 1944.231(d)(3)(ii) and submit with preapplication docket.

4 The District Director will then submit the preapplication docket with detailed comments and recommendations as contained in FmHA Instruction 1944.231(c) and the completed "Multi-Family Docket Summary" to the State Director for review.

C Paragraph 1944.231(d), Actions by State Office. After completing the review, the State Director will notify the District Director of the determination made by use of Form FmHA-Tx 1944-3, "Preapplication Review".

V PARAGRAPH 1944.232, PREPARATION OF COMPLETED LOAN DOCKET:

A Paragraph 1944.232(a), Information Needed. Applicant will submit all items listed in Exhibit D of this Instruction (for which the applicant is responsible) to the District Director.

B Paragraph 1944.232(d), Assembly, Review, and Distribution of Complete Loan Docket Items. The District Director will complete the loan docket by adding the applicable items listed in Exhibit D to the preapplication docket already assembled. The docket will now contain all applicable items listed in Exhibit C and D of this Instruction.

C Paragraph 1944.232(e), Submission of Docket to State Office. The complete loan docket, an updated "Multi-Family Docket Summary" (prepared in pencil and in duplicate), and detailed comments and recommendations of the District Director will be submitted to the State Office for review.

D Action by State Director.

1 If the loan cannot be approved, the State Director will return the docket with a memorandum of explanation and/or list of adjustments and corrections necessary for the loan to receive approval.

2 If the loan is to be approved, the State Director will:

a Prepare a memorandum to the District Director setting forth conditions of approval by use of Form FmHA-Tx 1944-4, "Letter of Approval", and Form FmHA-Tx 1944-5, "Multi-Family Housing Construction Contract Check Sheet";

b Prepare a letter of loan approval conditions and instructions to the applicant/borrower by use of Form FmHA-Tx 1944-6, "Letter of Conditions", to be delivered to the applicant as instructed in Form FmHA-Tx 1944-5; and

c Return the docket, with an updated "Multi-Family Docket Summary", to the District Director.

VI PARAGRAPH 1944.235(d), INCREASE OR DECREASE IN THE AMOUNT OF THE LOAN:

A Funds Obligated in Current Fiscal Year. If funds have already been obligated by the Finance Office in the current fiscal year and it becomes necessary to increase or decrease the loan amount prior to loan closing, the District Director will prepare a new set of obligating forms for the new total loan amount with the same approval date as the original loan obligation and will mark each form "REVISED". The revised forms, the loan docket, and reasons for increase or decrease will be submitted to the State Director for approval and processing. The revised loan docket may then be submitted to OGC for revised closing instructions.

B Funds Obligated in Prior Fiscal Year. If funds were obligated in a prior fiscal year and it becomes necessary to increase a loan amount, a subsequent loan must be processed. If the initial loan has not been closed, OGC can revise their closing instructions to include the subsequent loan. If the loan is to be decreased, a revised set of obligating forms with the original approval date should be submitted to the State Director for processing and submission to the Finance Office.

VII PARAGRAPH 1944.236(b), MORTGAGE: The FmHA Deed of Trust and any conveyance (deed, lease, easement, etc.) of real property to be acquired by the applicant for the project must contain the covenant as stated in FmHA Instruction 1944-E, paragraph 1944.236(b)(1). In addition, the Deed of Trust will contain the applicable paragraphs as shown in FmHA Instruction 1944-E, paragraphs 1944.236(b)(2)(3) and (4).

o o o

MULTI-FAMILY DOCKET SUMMARY

Texas Instruction 1944-E
Exhibit A

Name of Applicant _____

Town: _____ Population: _____ County _____ State: _____

Type of Assistance: _____ Type of Borrower _____

For Organization: Number of Members: _____ Number of Board of Directors: _____

List information below for each member, if organization:

_____	Assets: _____	Liabilities: _____	Net Worth: _____
_____	Assets: _____	Liabilities: _____	Net Worth: _____
_____	Assets: _____	Liabilities: _____	Net Worth: _____
_____	Assets: _____	Liabilities: _____	Net Worth: _____

Applicant (each member, if organization) Involved in Other FmHA Projects:

_____	\$ _____	No. Units _____	Appr. _____	Compl. _____
_____	\$ _____	No. Units _____	Appr. _____	Compl. _____
_____	\$ _____	No. Units _____	Appr. _____	Compl. _____

Are FmHA Instruction 1930-C reports current? _____

Project Costs:

Land	\$ _____	"B" Cont.	\$ _____
Land Dev.	_____	FmHA Loan	_____
Structures	_____	FmHA Grant	_____
Arch/Eng Fees	_____	TOTAL	\$ _____
Legal Fees	_____	Interest Rate _____	Term _____
Int. During Construction	_____	Personal Liability Required	_____
Operation & Maintenance	_____	Appraised Value of Security	_____
TOTAL	\$ _____		

UNIT/SIZE

	<u>No.</u>	<u>Sq. Ft.</u>	<u>Total</u>	<u>RENTAL RATES</u>	
				(Basic)	(Market)
1-bedroom- _____	x _____	ea. = _____	Sq. Ft. _____	_____	_____
2-bedroom- _____	x _____	ea. = _____	Sq. Ft. _____	_____	_____
3-bedroom- _____	x _____	ea. = _____	Sq. Ft. _____	_____	_____
4-bedroom- _____	x _____	ea. = _____	Sq. Ft. _____	_____	_____
_____	x _____	ea. = _____	Sq. Ft. _____	<u>UNIT COSTS</u>	
TOTAL - _____			Sq. Ft. _____	Avg. Cost/sq. ft. _____	

<u>Operating Budget</u>	(Basic)	(Market)	Avg. Cost/unit _____
Gross Income	_____		Avg. Loan/unit _____
Operating Exp.	_____		<u>SECURITY</u>
Net Income	_____		_____
FmHA Loan Repay	_____		_____
Other Debt Repay	_____		_____
Reserves	_____		_____
Return on Inv.	_____		
Excess/Deficit	_____		

RRH PROJECT PRIORITY SUMMARY

Point
System

1. Project name: _____
2. Date preapplication was filed in district office: _____
3. Amount of loan funds requested: _____
4. Percentage of substandard housing of the community where the project is to be located [1944.231(b)(3)(i)] : _____%; chart _____.
5. Per capita income of the community or the smallest geographical area for which data is available, where the project is to be located as compared to the state's:
 - a. Per capita income of the community: _____
 - b. Community's per capita income is _____% of that of the state's [1944.231(b)(3)(ii)]. _____
6. Distance of project from FmHA eligibility line around urban areas considered ineligible for FmHA housing loans: _____ miles [1944.231(b)(3)(iii)]. _____
7. Project located in community or market area which does not have subsidized rental housing in operation or authorized [1944.231(b)(3)(iv)]. _____
8. Project assured of having some form of deep rental subsidy, such as () FmHA rental assistance (RA); () HUD's Section 8; or () State or local housing financed subsidy. (Check applicable deep subsidy.) [1944.231(b)(3)(v)]. _____
9. Project designed and planned for senior citizens [1944.231(b)(3)(vi)]. _____
10. Is the project provided with public water and sewer?
 - a. Water _____yes _____no
 - b. Sewer _____yes _____no
11. What is the population of the community? _____
12. Is the project planned for serving minorities? _____yes _____no
If yes, what percentage? _____%
13. Is the project located within the developed limits of a rural community?
_____yes _____no
14. Has there been an AD-622 issued on project? _____yes _____no
If yes, date of AD-622: _____

TOTAL POINTS _____

RURAL RENTAL HOUSING-PREAPPLICATION DOCKET

The following table provides a guide to be used with FmHA Instruction 1944-E, paragraph 1944.231, Exhibit A-6, Exhibit C, and Exhibit H, paragraph VI, for distribution and assembly of forms and documents contained in the preapplication docket. Listed below are items to be furnished to the State Office for review of preapplication. As each item is obtained, the docket copy (or copies) will be filed in an eight-position folder. When all items have been obtained, the eight-position folder containing the docket items will be submitted to the State Office for review. (For Section 8 dockets, there will be 2 folders: 1 8-position folder with all items listed on this checksheet for FmHA and 1 4-position folder containing just the items marked with a double asterick (**), under the Form No. column for HUD).

Form No.	Name of Item	Total Copies	Docket	Copy for Borrower
AD-621 or SF-424(AD-621) **	Pre-application for Federal Assistance 3/ Pre-application for Federal Assistance (SF-424 required if A-95 review required) (REF: FmHA 1944-E, Ex. A-6))	2	1-0	1-C
**	Comments of the Council of Governments 3/ (Only for projects in excess of 24 units) (REF: FmHA 1944-E, Para. 1944.215(n))	2	1-0	1-C
HUD-2530 **	Previous Participation Certificate 3/ (**with IRS # for org. or SS# for individual. (Required for applicant, applicant's architect and contractor for the proposed project - when known.) (REF: FmHA 1944-E, Para. 1944.222(m))	6	1-0	1-C
213 Review **	Local Governing Body Comments 3/ (Sec.8 projects only) from city, County Judge,etc. Comments to include: 1.Is there a Hap (Housing Assistance Plan) or not? 2. If so, is project in compliance with HAP. 3. Governing Body's recommendations on project.	2	1-0	1-C
	Financial Statement(s) 3/ (REF: FmHA 1944-E, Ex. A-6, Para. 1 a)	2	1-0	1-C
	Evidence of inability to obtain private 3/ Credit - Minimum of 2 contacts with local long-term mortgage lenders required(Evidence not required for state or local public agencies) (REF: FmHA 1944-E, Ex. A-6, Para. 1 b)	2	2-0	2-C

_ / denotes filing position

Texas Instruction 1944-E
Exhibit C
Page 2

Form No.	Name of Item	Total Copies	Docket	Copy for Borrower
	Applicant Credit Report <u>3/</u> (REF: FmHA 1944-E, Ex. A-6, 1 b)	1	1-0	
	Statement of applicant's experience in <u>3/</u> operating rental housing and related business (REF: 1944-E, Ex. A-6, Para. 1c)	2	1-0	1-C
**	Applicant's proposed method of operation <u>1/</u> and management of rental housing units. (**general plan needed at this time- detailed management plan to be furnished HUD 120 days prior to occupancy) (REF: FmHA 1944-E, Ex. A-6, Para. 1c)	2	1-0	1-C
**	Organization applicant only-- Corporation: copy of applicant's charter, Articles of Incorporation, By-Laws. Partnership: Partnership Agreement. Housing Authority: Resolution required by Art. 1269K V.A.T.S. (REF: FmHA 1944-E, Ex. A-6, Para. 1d)	<u>5/</u> 2	1-C	1-0
	Organization applicant only-names and <u>5/</u> addresses of applicant's members, Directors and Officers; percent of stock each member owns (if applicable); and if a member or subsidiary of another organization, its name, address, and principal business. (REF: FmHA 1944-E, Ex. A-6, Para. 1d)	2	1-0	1-C
	Identity of interest certification and <u>3/</u> request for approval of identity of interest. (REF: FmHA 1944-E, Ex. A-6, Para. 1e)	2	1-0	1-C
	Organization applicant only--IRS <u>3/</u> Identification No. (Individual appli- cants--social security number) (REF: FmHA 1944-E, Ex. A-6, Para f)	1	1-0	
	Rental survey and supporting data <u>3/</u> indicating need and demand of rental project (REF: FmHA 1944-E, Ex. A-6, Para. 2a)	2	1-0	1-C
	Schedule of Proposed Rental Rates <u>3/</u> (REF: FmHA 1944-E, Ex. A-6, Para. 2b)	2	1-0	1-C

Form No.	Name of Item	Total Copies	Docket	Copy for Borrower
**	Size, legal description and a plat <u>7/</u> map identifying the boundaries of the proposed development tract (REF: FmHA 1944-E, Ex. A-6, Para. 3a)	2	1-0	1-C
**	Location Map <u>7/</u> (REF: FmHA 1944-E, Ex. A-6, Para. 3b)	2	1-0	1-C
	Identification of potential environ- <u>7/</u> mental impacts of the site and impor- tant constraints, such as floodplains, wetlands, etc. (REF: FmHA 1944-E, Ex. A-6, Para. 3c)	2	1-0	1-C
FmHA 440-34	Option to Purchase Real Property <u>5/</u> (if applicable). Land purchase should comply with FmHA 1944.212(c). (REF: FmHA 1944-E, Ex. A-6, Para. 3d)	2	1-0	1-C
	Warranty Deed to development tract <u>5/</u> if owned by applicant (REF: FmHA 1944-E, Ex. A-6, Para. 3d)	2	1-C	1-0
	Written statement by applicant as <u>3/</u> to the proposed method of construction (owner/builder, negotiated bid or public bid) (REF: FmHA 1944-E, Ex A-6, Para. 3e)	2	1-0	1-C
**	General description of rental housing <u>3/</u> planned, type construction, estimated cost per living unit, type of community facilities available, and, if apartments, number and type units per building. (REF: FmHA 1944-E, Ex. A-6, Para. 4)	2	1-0	1-C
**	Preliminary plot plan and building plans (Enclose in separate 4-position folder) (**minimal plans required by HUD: plot plan & floor plan of each type unit showing location of doorways, etc., & sq. ft. in each unit.) (REF: FmHA 1944-E, Ex. A-6, Para. 4)			

Form No.	Name of Item	Total Copies	Docket	Copy for Borrower
	District Director Recommendations <u>3/</u> (eligibility, need, feasibility, site analysis and desirability) (REF: FmHA 1944-E, Para. 1944.231(c)(4)(5)(6))	1	1-0	
FmHA-TX 1924-8	Agreement for Architectural Services <u>6/</u>	3	1-0 (1-C for architect)	1-C
FmHA 449-10 **	Applicant's Environmental Impact <u>3/</u> Evaluation (REF: FmHA 1901-G and 1944-E, Ex. A-6, Para. 5)	2	1-0	1-C
FmHA 440-46 **	Environmental Impact Assessment <u>3/</u> (REF: FmHA 1901-G and 1944.231 (c)(3))	1	1-0	
	Historical and Archeological <u>3/</u> Assessment (only for projects w/25 or more units. (REF: 1901-F)	1	1-0	
Tx. Instr. 1944-E Ex.A	Multi-Family Docket Summary <u>3/</u>	2	0&1C	
Tx Instr. 1944-E Ex.B	RRH Project Priority Summary <u>3/</u>	2	0&1C	
	Statement from applicant indicating <u>3/</u> following: a. Total number of units by type (1 BR, 2 BR, etc.), b. Type RRH operation application is for (Plan II, Section 8/515, profit); c. If Plan II Rental Assistance, percent rental assistance requested.	2	1-0	1-C
FmHA 2033-42	RRH Participant Identification <u>3/</u> (REF: FmHA 2033-G)	3	0&2C	
	Statement by District Director in <u>3/</u> transmittal memorandum: "All items required by Exhibit C of Texas Instruc- tion 1944-E are a part of this preapplication."			

RURAL RENTAL HOUSING-APPLICATION DOCKET

The following table provides a guide to be used with FmHA Instruction 1944-E paragraph 1944.232, Exhibit A-7, Exhibit C, and Exhibit H, VI, for distribution of forms and documents to be added to the preapplication docket to complete the loan docket. When all items have been obtained, the docket will be submitted to the State Office for approval and closing instructions.

Form No.	Name of Item	Total Copies	Docket	Copy for Borrower
AD-622	Notice of Preapplication Review <u>3/</u> of Action (REF: FmHA 1944-E, Para. 1944.231(d)(5))	3	2-C	1-0
AD-625 or SF-424	Application for Federal Assistance <u>3/</u> (Short Form) (if A-95 review required) (REF: FmHA 1944-E, Ex. A-7)	3	1-0 1-C	1-C
	Final Site Plan and detail construction Plans and Specifications (Enclose in 8-position folder) (REF: FmHA 1944-E, Ex. A-7, Para. 1)			
	Detailed cost breakdown <u>3/</u> (REF: 1944-E, Ex. A-7, Para. 2)	2	1-0	1-C
	Information on method of construction <u>3/</u> (REF: FmHA 1944-E, Ex. A-7, Para. 3)	2	1-0	1-C
	Letter from interim lender when <u>3/</u> interim financing is used. If FmHA multiple advance is used, letters from private lenders in area indicating interim financing not available	1	1-0	
FmHA 1944-E, Ex. A-1	Agreement for Legal Services <u>5/</u> (if applicable)	3	1-0 (1-C for Attorney)	1-C
	Evidence of review and approval of <u>5/</u> Final plans and specifications by applicable state and/or local governing body. (REF: FmHA 1944-E, Ex. A-7, Para. 4)	2	1-0	1-C
	Detail Market Survey (REF: FmHA 1944-E, Ex. A-7, Para. 5a, b, & c. Place in separate 4-position folder)			

Texas Instruction 1944-E
Exhibit D
Page 2

Form No.	Name of Item	Total Copies	Docket	Copy for Borrower
	Written signed certification by <u>3/</u> applicant that information in market survey report is true and accurate. (REF: FmHA 1944-E, Ex. A-7, Para. 5d)	2	1-0	1-C
	Current dated and signed financial <u>3/</u> statement showing assets and debt structure of applicant. (REF: FmHA 1944-E, Ex. A-7, Para. 6)	2	1-0	1-C
FmHA 1930-7	Detailed Operating Budget (REF: FmHA <u>3/</u> 1944-E, Ex. A-7, Para. 7, and Ex. H Para IV for Section 8)	2	1-0	1-C
FmHA 1944-E Ex. A-5	Housing Allowances for Utilities <u>3/</u> and Other Public Services (REF: FmHA 1944-E, Ex. A-5)	4	1-0 2-C	1-C
FmHA 444-25	Request for Rental Assistance (if applicable) (REF: FmHA 1944-E, Ex. C, Para. X)			
	Description and justification of <u>3/</u> any related facilities to be financed by loan (REF: FmHA 1944-E, Ex. A-7, Para. 8)	2	1-0	1-C
	Narrative statement outlining the <u>1/</u> proposed method of management. Manage- ment agreement, if applicable. (REF: FmHA 1944-E, Ex. A-7, Para. 9)	2	1-0	1-C
	Detailed management plan <u>1/</u> (REF: FmHA 1944-E, Ex. A-7, Para. 10)	2	1-0	1-C
	Proposed schedule of rental rates, any <u>3/</u> separate charges for use of related facilities (REF: FmHA 1944-E, Ex. A-7, Para. 11)	2	1-0	1-C
	Current survey of development tract <u>8/</u> which will serve as real estate security (REF: FmHA 1944-E, Ex. A-7, Para. 12)	2	1-C	1-C

Form No.	Name of Item	Total Copies	Docket	Copy for Borrower
HUD 935.2	Affirmative Fair Housing Marketing <u>3/</u> Plan (REF: 1944-E, Ex. A-7, Para. 13)	2	1-C	1-C
FmHA 444-5	Multiple Housing Fund Analysis <u>2/</u>	4	0 & 3-C	
FmHA 1940-1	Request for Obligation of Funds <u>2/</u>	5	0 & 3-C	1-C
FmHA 400-4	Assurance Agreement <u>3/</u>	2	1-0	1-C
FmHA 400-1	Equal Opportunity Agreement <u>6/</u>	2	1-0	1-C
FmHA 400-3	Notice to Contractors and Applicants <u>6/</u> Copy included in construction contract.	3	1-C (1-C to Contractor)	1-0
FmHA 400-6	Compliance Statement (when applicable) <u>6/</u>	3	1-C (1-C to Contractor)	1-0
FmHA 422-7	Appraisal Report with attachments <u>8/</u>	1	1-0	
FmHA 426-1	Valuation of Buildings <u>7/</u>	1	1-0	
FmHA-440-9	Supplementary Payment Agreement <u>2/</u> (For all applicants except Plan II)	2	1-0	1-C
	Loan Resolution or Agreement <u>2/</u> (REF: FmHA 1944-E, Para 1944.215(e))	2	1-0	1-C
	Commitment for Title Insurance <u>5/</u>	1	1-0	
	Copy of proposed Warranty Deed <u>5/</u> (if applicable)	1	1-0	
	Guide 19 Contract Documents (see <u>6/</u> Form FmHA-Tx 1944-5) incorporated in Trade-type specs booklet and submitted with final plans. If nonprofit or public body, contract and bid forms will be blank to allow for competitive bidding.	2	0 & 1-C	

Texas Instruction 1944-E
Exhibit D
Page 4

Form No.	Name of Item	Total Copies	Docket	Copy for Borrower
	When applicable, include copy of lease or lease form to be used between borrower and public housing authority, items of information concerning prior mortgage and county office file with subsequent loan			
	Statement from applicant that <u>3/</u> any additional funds in excess of the approved development cost will be provided from personal resources	1	1-0	
	Statement by District Director in transmittal memorandum: "All items required by Exhibits C and D of Texas Instruction 1944-E are a part of this application docket."			

o o o